

Translation

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**Summary of Consolidated Financial Results
for the Year Ended October 31, 2021
(Based on Japanese GAAP)**

December 15, 2021

Company name: GIFT INC.
 Stock exchange listing: Tokyo
 Stock code: 9279 URL <https://www.gift-group.co.jp/>
 Representative: President and Representative Director Sho Tagawa
 Managing Director & General Manager, Administration Division
 Inquiries: Norihiko Suehiro TEL 042-860-7182
 Scheduled date of ordinary general meeting of shareholders: January 27, 2021
 Scheduled date to file Securities Report: January 28, 2021
 Scheduled date to commence dividend payments: January 28, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended October 31, 2021 (from November 1, 2020 to October 31, 2021)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended October 31, 2021	13,474	22.7	936	102.9	1,748	241.4	1,076	855.3
Year ended October 31, 2020	10,982	21.3	461	(54.2)	512	(50.0)	112	(78.5)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended October 31, 2021	108.21	107.80	29.8	23.1	6.9
Year ended October 31, 2020	11.36	11.29	3.6	8.1	4.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of October 31, 2021	8,277	4,116	49.7	413.55
As of October 31, 2020	6,872	3,107	45.2	312.97

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended October 31, 2021	2,402	(1,707)	(639)	1,871
Year ended October 31, 2020	409	(1,564)	1,089	1,791

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended October 31, 2020	–	0.00	–	10.00	10.00	99	88.0	3.2
Year ended October 31, 2021	–	0.00	–	20.00	20.00	199	18.5	5.5
Year ending October 31, 2021 (Forecast)	–	12.00	–	13.00	25.00		19.4	

3. Forecast of consolidated financial results for the year ending October 31, 2021 (from November 1, 2021 to October 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending April 30, 2021	8,070	28.0	830	171.2	960	73.4	610	71.7	61.28
Full year	17,000	26.2	1,700	81.6	2,000	14.4	1,280	18.9	128.59

4. Notes

(1) Changes in significant subsidiaries during the year ended October 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of October 31, 2021	9,953,967 shares	As of October 31, 2020	9,930,362 shares
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Number of treasury shares at the end of the period

As of October 31, 2021	157 shares	As of October 31, 2020	62 shares
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Average number of shares during the period

Year ended October 31, 2021	9,945,281 shares	Year ended October 31, 2020	9,918,164 Shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of October 31, 2020	As of October 31, 2021
Assets		
Current assets		
Cash and deposits	1,791,976	1,871,492
Accounts receivable - trade	232,455	262,090
Merchandise and finished goods	50,358	50,484
Raw materials and supplies	39,489	49,488
Other	139,238	180,348
Allowance for doubtful accounts	(409)	(127)
Total current assets	2,253,109	2,413,776
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,869,600	3,900,522
Accumulated depreciation	(676,375)	(888,499)
Buildings and structures, net	2,193,224	3,012,022
Machinery, equipment and vehicles	669,760	889,598
Accumulated depreciation	(201,982)	(274,058)
Machinery, equipment and vehicles, net	467,778	615,540
Tools, furniture and fixtures	469,217	551,185
Accumulated depreciation	(309,621)	(319,525)
Tools, furniture and fixtures, net	159,595	231,660
Land	149,501	141,782
Other	66,550	31,278
Accumulated depreciation	(11,021)	(15,855)
Other, net	55,528	15,422
Total property, plant and equipment	3,025,629	4,016,429
Intangible assets		
Goodwill	145,515	124,727
Other	24,123	10,696
Total intangible assets	169,638	135,423
Investments and other assets		
Long-term loans receivable	306,674	406,342
Deferred tax assets	203,280	239,630
Leasehold and guarantee deposits	733,594	870,911
Other	180,615	195,378
Allowance for doubtful accounts	(435)	(435)
Total investments and other assets	1,423,731	1,711,827
Total non-current assets	4,618,998	5,863,680
Total assets	6,872,108	8,277,456

(Thousands of yen)

As of October 31, 2020 As of October 31, 2021

Liabilities		
Current liabilities		
Accounts payable - trade	298,396	389,490
Short-term borrowings	754,861	—
Current portion of long-term borrowings	547,192	534,834
Accounts payable - other	270,115	522,692
Income taxes payable	67,141	445,611
Provision for bonuses	68,166	103,435
Provision for point card certificates	—	5,965
Asset retirement obligations	1,251	—
Other	395,397	537,708
Total current liabilities	2,402,521	2,539,738
Non-current liabilities		
Long-term borrowings	1,093,332	1,274,648
Deferred tax liabilities	20,197	—
Asset retirement obligations	241,030	341,636
Other	7,135	5,045
Total non-current liabilities	1,361,696	1,621,329
Total liabilities	3,764,217	4,161,068
Net assets		
Shareholders' equity		
Share capital	786,345	790,287
Capital surplus	1,038,473	1,042,415
Retained earnings	1,304,314	2,281,161
Treasury shares	(88)	(324)
Total shareholders' equity	3,129,044	4,113,540
Accumulated other comprehensive income		
Foreign currency translation adjustment	(21,154)	2,847
Total accumulated other comprehensive income	(21,154)	2,847
Total net assets	3,107,890	4,116,387
Total liabilities and net assets	6,872,108	8,277,456

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Net sales	10,982,335	13,474,995
Cost of sales	3,212,572	3,762,743
Gross profit	7,769,762	9,712,252
Selling, general and administrative expenses	7,308,497	8,776,134
Operating profit	461,265	936,117
Non-operating income		
Interest income	9,165	8,593
Commission income	19,805	25,543
Foreign exchange gains	665	341
Subsidy income	36,050	659,972
Compensation income	—	80,000
Other	4,116	42,684
Total non-operating income	69,803	817,136
Non-operating expenses		
Interest expenses	2,729	4,307
Prepayment fee	1,150	—
Market change expenses	12,749	—
Other	2,421	692
Total non-operating expenses	19,050	4,999
Ordinary profit	512,017	1,748,254
Extraordinary income		
Gain on sale of non-current assets	1,194	189
Gain on liquidation of subsidiaries	10,771	—
Gain on insurance claims	9,331	—
Other	1,829	—
Total extraordinary income	23,126	189
Extraordinary losses		
Impairment losses	173,104	105,696
Amortization of goodwill	—	74,687
Loss on retirement of non-current assets	9,802	22,607
Loss on sale of non-current assets	20,775	—
Loss on temporary closing of stores	6,374	—
Other	255	—
Total extraordinary losses	210,311	202,991
Profit before income taxes	324,833	1,545,451
Income taxes - current	233,240	525,799
Income taxes - deferred	(21,067)	(56,546)
Total income taxes	212,172	469,253
Profit	112,660	1,076,198
Profit attributable to owners of parent	112,660	1,076,198

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Profit	112,660	1,076,198
Other comprehensive income		
Foreign currency translation adjustment	(17,827)	24,001
Total other comprehensive income	(17,827)	24,001
Comprehensive income	94,833	1,100,199
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	94,833	1,100,199

Consolidated statements of changes in equity

Fiscal year ended October 31, 2020

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	776,409	1,028,537	1,340,105	—	3,145,052	(3,326)	(3,326)	3,141,725
Changes during period								
Issuance of new shares - exercise of share acquisition rights	1,941	1,941			3,883			3,883
Issuance of new shares-Restricted Stock	7,994	7,994			15,989			15,989
Dividends of surplus			(148,452)		(148,452)			(148,452)
Profit attributable to owners of parent			112,660		112,660			112,660
Purchase of treasury shares				(88)	(88)			(88)
Net changes in items other than shareholders' equity						(17,827)	(17,827)	(17,827)
Total changes during period	9,936	9,936	(35,791)	(88)	(16,007)	(17,827)	(17,827)	(33,834)
Balance at end of period	786,345	1,038,473	1,304,314	(88)	3,129,044	(21,154)	(21,154)	3,107,890

Fiscal year ended October 31, 2021

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	786,345	1,038,473	1,304,314	(88)	3,129,044	(21,154)	(21,154)	3,107,890
Changes during period								
Issuance of new shares - exercise of share acquisition rights	2,747	2,747			5,494			5,494
Issuance of new shares-Restricted Stock	1,194	1,194			2,388			2,388
Dividends of surplus			(99,350)		(99,350)			(99,350)
Profit attributable to owners of parent			1,076,198		1,076,198			1,076,198
Purchase of treasury shares				(235)	(235)			(235)
Net changes in items other than shareholders' equity						24,001	24,001	24,001
Total changes during period	3,941	3,941	976,847	(235)	984,495	24,001	24,001	1,008,497
Balance at end of period	790,287	1,042,415	2,281,161	(324)	4,113,540	2,847	2,847	4,116,387

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended October 31, 2020	Fiscal year ended October 31, 2021
Cash flows from operating activities		
Profit before income taxes	324,833	1,545,451
Depreciation	290,432	395,045
Impairment losses	173,104	105,696
Amortization of goodwill	20,787	100,454
Increase (decrease) in provision for point card certificates	—	5,965
Increase (decrease) in allowance for doubtful accounts	(1,740)	(282)
Interest and dividend income	(9,165)	(8,593)
Subsidy income	(36,050)	(659,972)
Interest expenses	2,729	4,307
Compensation income	—	(80,000)
Market change expenses	12,749	—
Loss (gain) on liquidation of subsidiaries	(10,771)	—
Loss (gain) on sale of non-current assets	19,581	(189)
Loss on retirement of non-current assets	9,802	22,607
Gain on insurance claims	(9,331)	—
Decrease (increase) in trade receivables	(11,120)	(28,372)
Decrease (increase) in inventories	12,440	(9,182)
Increase (decrease) in trade payables	1,029	86,148
Increase (decrease) in accounts payable - other	37,439	225,707
Increase (decrease) in provision for bonuses	22,512	35,269
Other, net	(44,284)	141,896
Subtotal	804,978	1,881,957
Interest and dividends received	3,083	744
Interest paid	(2,826)	(4,278)
Income taxes paid	(445,706)	(169,908)
Proceeds from subsidy income	34,954	613,609
Proceeds from compensation	—	80,000
Proceeds from insurance income	15,070	—
Net cash provided by (used in) operating activities	409,553	2,402,124
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,348,902)	(1,414,493)
Proceeds from sale of property, plant and equipment	38,827	2,500
Loan advances	(112,000)	(107,800)
Proceeds from collection of loans receivable	13,233	19,465
Payments of leasehold and guarantee deposits	(156,734)	(187,280)
Proceeds from refund of leasehold and guarantee deposits	25,302	47,963
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(30,528)
Other, net	(23,900)	(37,654)
Net cash provided by (used in) investing activities	(1,564,173)	(1,707,828)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	284,720	(755,487)
Proceeds from long-term borrowings	1,372,000	987,152
Repayments of long-term borrowings	(410,544)	(774,240)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	3,883	2,388
Dividends paid	(147,585)	(99,210)
Payments for market change expenses	(12,749)	—
Other, net	(290)	(235)
Net cash provided by (used in) financing activities	1,089,433	(639,634)
Effect of exchange rate change on cash and cash equivalents	(18,691)	24,853
Net increase (decrease) in cash and cash equivalents	(83,878)	79,515
Cash and cash equivalents at beginning of period	1,875,855	1,791,976
Cash and cash equivalents at end of period	1,791,976	1,871,492